

# 15Q - PENSION OBLIGATION BOND AMORTIZATION

## Operational Summary

### Agency Description:

To record the use of the County's investment account held by the Orange County Retirement System (OCERS) for normal and unfunded accrued actuarial liability (UAAL) costs.

In 1994 taxable Pension Obligation Bonds were sold to finance the County's UAAL obligation. The County deposited \$318.3 million in an investment account held by OCERS. The investment account is a part of the OCERS investment pool and as such earns the same rate of return.

The investment account was initially used to make annual payments to satisfy the County's UAAL obligation according to a 15 year amortization schedule in-lieu of County cash contributions, however in 1996 the County and OCERS concluded an agreement by which the UAAL is amortized according to a 28 year schedule and the investment account is used to pay a portion of the County's normal cost obligation.

Over the past four years, the rate of return on the investment account has been higher than OCERS 8% assumed annual rate of return.

### At a Glance:

Total FY 1999-00 Actual Expenditure + Encumbrance:	52,242,784
Total Final FY 2000-01 Budget:	50,000,000
Percent of County General Fund:	N/A
Total Employees:	0.00

### Strategic Goals:

- Use of the County's investment account in the Orange County Employees Retirement System to minimize cash contributions for normal and unfunded accrued actuarial pension costs.

## Budget Summary

### Final Budget and History:

Sources and Uses	FY 1998-99 Actual Exp/Rev <sup>(1)</sup>	FY 1999-00 Final Budget	FY 1999-00 Actual Exp/Rev <sup>(1)</sup>	FY 2000-01 Final Budget	Change from FY 99-00 Actual	
					Amount	Percent
Total Revenues	14,556,584	50,000,000	44,763,713	64,557,813	19,794,100	44.22
Total Requirements	76,798,986	50,000,000	52,242,784	50,000,000	(2,242,784)	-4.29
FBA	37,684,589	0	(23,557,813)	(14,557,813)	9,000,000	-38.20

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 1999-00 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: PENSION OBLIGATION BOND AMORTIZATION in the Appendix on page 515.